

HOUSING AUTHORITY OF COLFAX

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED MARCH 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/10/07

Mike Estes, P.C.
A Professional Accounting Corporation

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Independent Auditor's Report

Board of Commissioners
Housing Authority of Colfax
Colfax, Louisiana

We have audited the accompanying financial statements of each major fund of the Housing Authority of Colfax, Louisiana as of and for the year ended March 31, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of Colfax, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Housing Authority of Colfax, Louisiana, as of March 31, 2007, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2007, on our consideration of the Housing Authority of Colfax, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Colfax, Louisiana's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Housing Authority of Colfax, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying Financial Data Schedules required by HUD and other accompanying information identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mike Estes, P.C.
Fort Worth, Texas
September 14, 2007

HOUSING AUTHORITY OF COLFAX, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

MARCH 31, 2007

Housing Authority of Colfax, Louisiana
Management's Discussion and Analysis (MD&A)
MARCH 31, 2007

The management of Public Housing Authority of Colfax, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending March 31, 2007. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$1,605,189 at the close of the fiscal year ended 2007.
 - ✓ Of this amount \$1,307,409 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ✓ The remainder of \$297,780 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 38% of the total operating expenses of \$781,239 for the fiscal year 2007, which means the Authority might be able to operate about 4.5 months using the unrestricted assets alone, which approximates the 4.8 months in the prior year.
- The Housing Authority's total net assets decreased by \$198,640, a 11% change from the prior fiscal year 2006. This decrease is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.
- The decrease in net assets of these funds was accompanied by a decrease in cash and cash equivalents of \$13,518. This is primarily due to cash paid to vendors, employees and Section 8 housing assistance payments exceeding rental, rental-related receipts and federal operating grants by \$15,041.
- The Authority spent \$48,650 on capital asset additions during the current fiscal year.
- These changes led to a decrease in total assets by \$193,613 and an increase in total liabilities by \$4,314. As related measure of financial health, there are still over \$10.55 of current assets covering each dollar of total current and long-term liabilities, which compares less favorably with \$11.91 covering the prior fiscal year's liabilities.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2007?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

- Low Rent Public Housing
- Housing Choice Vouchers
- Public Housing Capital Fund Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

Housing Authority of Colfax, Louisiana
Management's Discussion and Analysis (MD&A)
MARCH 31, 2007

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator.

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$1,605,189 as of March 31, 2007. Of this amount, \$1,307,409 was invested in capital assets, and the remaining \$297,780 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general Net Assets.

CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet

	<u>2007</u>	<u>2006</u>
As of March 31,		
ASSETS		
Current assets	\$ 328,944	\$ 319,900
Capital assets, net of depreciation	<u>1,307,409</u>	<u>1,510,066</u>
Total assets	<u>1,636,353</u>	<u>1,829,966</u>
LIABILITIES		
Current liabilities	23,791	21,212
Non-current liabilities	<u>7,373</u>	<u>4,925</u>
Total liabilities	<u>31,164</u>	<u>26,137</u>
NET ASSETS		
Invested in capital assets, net of depreciation	1,307,409	1,510,066
Unrestricted net assets	<u>297,780</u>	<u>293,763</u>
Total net assets	<u>1,605,189</u>	<u>1,803,829</u>
Total liabilities and net assets	<u>1,636,353</u>	<u>1,829,966</u>

Housing Authority of Colfax, Louisiana
Management's Discussion and Analysis (MD&A)
MARCH 31, 2007

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds decreased by \$198,640, or by 11%, from those of fiscal year 2006, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets
Fiscal Year Ended March 31,

	2007	2006
OPERATING REVENUES		
Dwelling rental	\$ 110,300	\$ 90,432
Other	30,505	5,939
Total Operating Revenues	140,805	96,371
OPERATING EXPENSES		
Administration	187,211	166,694
Tenant services	0	820
Utilities	42,068	46,857
Ordinary maintenance & operations	116,837	99,307
General expenses	50,503	41,026
Depreciation	251,308	257,343
Housing assistance payments	133,310	126,847
Total Operating Expenses	781,237	738,894
Income (loss) from Operations	(640,432)	(642,523)
Non Operating Revenues (Expenses)		
Interest earnings	3,979	5,764
Federal grants	389,163	386,054
Other income	0	11,382
Gain on disposal of assets	1,775	0
Total Non-Operating Revenues (Expenses)	394,917	403,200
Income (loss) before contribution	(245,515)	(239,323)
Capital Contribution	46,875	195,141
Change in net assets	(198,640)	(44,182)
Total net assets - beginning	1,803,829	1,848,011
Total net assets - beginning adjusted	1,803,829	1,848,011
Total net assets - ending	\$ 1,605,189	\$ 1,803,829

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating, non-operating revenues, and capital grants decreased \$112,115, or by 16%, from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- Federal Capital Funds from HUD decreased by \$148,266, or by 76% from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2005, and submitted a new grant during fiscal year 2008.
- Total tenant revenue increased by \$19,868 or by 22% from that of the prior fiscal year, despite the fact that occupancy rates decreased by 3%, because the amount of rent each tenant pays is based on a sliding scale of their personal income. Some tenants' personal incomes increased, so rent revenue from these tenants increased accordingly, raising the overall total. Finally, other tenant revenues (such as fees collected from tenants for late payment of rent, damages to their units, and other assessments) increased by \$743.
- Total other operating revenue, net of other tenant revenues, increased by \$23,823, due to insurance proceeds.
- Federal revenues from HUD for operations increased by \$3,109, or by 1% from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant. There was an increase in the number of eligible tenants receiving subsidies, so Housing Assistance Grants increased accordingly, lowering the overall total.
- Interest income decreased by \$1,785, or by 31% from that of the prior fiscal year, since the Authority spent available cash mostly on capital assets instead of temporary investments.

Compared with the prior fiscal year, total operating expenses increased \$42,345, or by 6%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- Administrative Expenses increased by \$20,518, or by 12% from that of the prior fiscal year, principally due to an increase in audit fees of \$15,230. The audit fee for 2005 (prepared by another auditor) was not accrued at March 31, 2005. Audit costs for both 2005 and 2006 were paid in the current year.
- Maintenance and repairs increased by \$17,530, or by 18% from that of the prior fiscal year, primarily due to an increase in maintenance salaries of \$17,739.
- General Expenses increased by \$9,477, or by 23% from that of the prior fiscal year, primarily because insurance premiums increased by \$7,097, or by 21%, since property and casualty insurance premiums increased.
- Housing Assistance Payments to landlords increased by \$6,463, or by 5% from that of the prior fiscal year, because there was an increase in the number of tenants qualifying for subsidy during the year. Consequently, revenues from HUD for these subsidies increased by \$3,892.
- Depreciation expense decreased by \$6,035, or by 2% from that of the prior fiscal year, even though there was an increase in capital assets by \$42,568, because existing capital assets are reaching the end of their estimated useful lives.
- Utilities Expense decreased by \$4,789, or by 10% from that of the prior fiscal year, because water cost decreased by \$3,396, but electricity cost increased by \$652. Finally, other utilities expense (such as garbage, sewage, and waste removal) decreased by \$2,049.

Housing Authority of Colfax, Louisiana
Management's Discussion and Analysis (MD&A)
MARCH 31, 2007

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2007, the Housing Authority had a total cost of \$5,588,240 invested in a broad range of assets and construction in progress from projects funded in 2003 through 2006, listed below. This amount, not including depreciation, represents increases of \$42,568 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Capital Assets, Net of Accumulated Depreciation
As of March 31,**

	<u>2007</u>	<u>2006</u>
Land	\$ 2,906	\$ 2,906
Construction in progress	10,000	149,502
Buildings	1,215,474	1,265,474
Leasehold improvements	17,163	5,600
Furniture and equipment	61,866	86,584
	<u>1,307,409</u>	<u>1,510,066</u>
Total		

As of the end of the 2007 fiscal year, the Authority is still in the process of completing HUD grants of \$269,952 obtained for the 2005 fiscal year. A total remainder of \$254,599 will be received and \$254,343 will be spent for completing these projects during fiscal year 2008.

Debt

Non-current liabilities also include accrued annual vacation and sick leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2008 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Johnny White, at Public Housing Authority of Colfax, Louisiana; P. O. Box 179; Colfax, LA 71417.

HOUSING AUTHORITY OF COLFAX
ENTERPRISE FUNDS - BALANCE SHEET
MARCH 31, 2007

	General	Housing Choice Vouchers	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 72,783	\$ 0	\$ 72,783
Investments	218,350	0	218,350
Accounts receivable, net	1,760	0	1,760
Internal balances	(19,454)	19,454	0
Prepaid items and other assets	28,890	449	29,339
Inventory	942	0	942
Restricted assets – cash and cash equivalents	5,770	0	5,770
Total Current Assets	309,041	19,903	328,944
Capital Assets, net			
Land	2,906	0	2,906
Buildings, and equipment (net)	1,294,503	0	1,294,503
Construction in progress	10,000	0	10,000
Total Capital Assets, net	1,307,409	0	1,307,409
Total Assets	\$ 1,616,450	\$ 19,903	\$ 1,636,353
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 8,009	\$ 0	\$ 8,009
Compensated absences payable	3,662	982	4,644
Accrued PILOT	5,368	0	5,368
Deposits due others	5,770	0	5,770
Total Current Liabilities	22,809	982	23,791
Noncurrent Liabilities			
Compensated absences payable	4,887	2,486	7,373
Total Liabilities	27,696	3,468	31,164
NET ASSETS			
Invested in capital assets, net of related debt	1,307,409	0	1,307,409
Unrestricted	281,345	16,435	297,780
Net Assets	1,588,754	16,435	1,605,189
Total Liabilities and Net Assets	\$ 1,616,450	\$ 19,903	\$ 1,636,353

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF COLFAX
ENTERPRISE FUNDS – STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED MARCH 31, 2007

	General	Housing Choice Voucher	Total
OPERATING REVENUES			
Dwelling rental	\$ 110,300	\$ 0	\$ 110,300
Other	30,505	0	30,505
Total Operating Revenues	140,805	0	140,805
OPERATING EXPENSES			
Administration	147,327	39,884	187,211
Utilities	42,068	0	42,068
Ordinary maintenance & operations	116,837	0	116,837
General expenses	47,693	2,810	50,503
Depreciation	251,308	0	251,308
Housing assistance payments	0	133,310	133,310
Total Operating Expenses	605,233	176,004	781,237
Income (loss) from Operations	(464,428)	(176,004)	(640,432)
Non Operating Revenues (Expenses)			
Interest earnings	3,979	0	3,979
Federal grants	231,946	157,217	389,163
Gain on disposal of assets	1,775	0	1,775
Total Non-Operating Revenues (Expenses)	237,700	157,217	394,917
Income (loss) before contribution	(226,728)	(18,787)	(245,515)
Capital Contribution	46,875	0	46,875
Change in net assets	(179,853)	(18,787)	(198,640)
Total net assets - beginning	1,768,607	35,222	1,803,829
Total net assets - ending	\$ 1,588,754	\$ 16,435	\$ 1,605,189

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF COLFAX
ENTERPRISE FUNDS – STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2007

	General	Housing Choice Voucher	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 110,905	\$ 0	\$ 110,905
Other receipts	12,739	18,167	30,906
Payments to vendors	(218,088)	(12,780)	(230,868)
Payments to employees – net	(154,344)	(29,294)	(183,638)
Payments to private landlords	0	(133,310)	(133,310)
Net cash provided (used) by operating activities	(248,788)	(157,217)	(406,005)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Federal grants	233,747	157,217	390,964
Net cash provided (used) by non- capital financing activities	233,747	157,217	390,964
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	1,775	0	1,775
Purchase of capital assets	(48,650)	0	(48,650)
Federal Capital Grants	46,875	0	46,875
Net cash provided (used) by capital and related financing activities	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	7,820	0	7,820
Purchase of investments	(6,297)	0	(6,297)
Net cash provided (used) by investing activities	1,523	0	1,523
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,518)	0	(13,518)
CASH AND CASH EQUIVALENTS			
Beginning of Fiscal Year	92,071	0	92,071
CASH AND CASH EQUIVALENTS			
End of Fiscal Year	\$ 78,553	\$ 0	\$ 78,553

Continued

HOUSING AUTHORITY OF COLFAX
ENTERPRISE FUNDS – STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2007

	<u>General</u>	<u>Housing Choice Voucher</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (464,428)	\$ (176,004)	\$ (640,432)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation Expense	251,308	0	251,308
Change in assets and liabilities:			
Receivables	136	0	136
Due from other funds	1,801	18,167	19,968
Inventories	2,638	0	2,638
Prepaid items	(24,223)	(449)	(24,672)
Account payables	2,797	0	2,797
Accrued expenses	1,161	1,069	2,230
Due to other funds	(19,968)	0	(19,968)
Net cash provided (used) by operations	\$ <u>(248,778)</u>	\$ <u>(157,217)</u>	\$ <u>(405,995)</u>

Concluded

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2007

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HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of Colfax have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 40.391) of the state of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of Colfax, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	LA 2052	90
Section 8		
Housing Choice Vouchers	LA-122	50

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

The Housing Authority is a related organization of the Town of Colfax since the Town of Colfax appoints a voting majority of Housing Authority's governing board. The Town of Colfax is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Colfax. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Colfax.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2007

- 1) Appointing a voting majority of an organization's governing body, and:
 - a) The ability of the government to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
- 2) Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. The general fund accounts for the transactions of the public housing Low Rent program and the Capital Fund program. The housing choice voucher fund accounts for the Section 8 Housing Choice Voucher program.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

PROPRIETARY FUNDS Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the Housing Authority's funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2007

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

E. INVESTMENTS Investments are limited to L.S.-R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

F. SHORT - TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

G. INVENTORY All purchased inventory items are valued at cost using first-in, first-out method. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed.

H. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2007

I. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$500. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful live is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	15-33 years
Building improvements	15 years
Furniture and equipment	3-7 years

J. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

K. RESTRICTED NET ASSETS Net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. INTERFUND ACTIVITY Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses.

Reimbursements are when one fund incurs cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

M. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at March 31, 2007. Deposits are stated at cost, which approximates fair value.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: The Housing Authority investments are in Certificates of Deposits, which do not have credit ratings. However, the Housing Authority's policy does not address credit rate risk.

Custodial Credit Risk-Deposits: In the case of deposits, this is the risk that in the event of a bank failure the government's deposits may not be returned to it. \$100,000 of the Authority's total deposits and investments were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$196,803 of deposits and investments are exposed to custodial credit risk because this balance is uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Housing Authority's name. Even though the pledge securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon request.

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at March 31, 2007, are as follows:

<u>Class of Receivables</u>	<u>General</u>
Local sources:	
Tenants	\$ 957
Other	547
Federal sources:	
Grants	256
Total	\$ 1,760

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 4 – CAPITAL ASSETS The changes in capital assets are as follows:

	Balance 03/31/06	Additions	Deletions	Balance 03/31/07
Land	\$ 2,906	\$ 0	\$ 0	\$ 2,906
Buildings	5,184,627	181,376	0	5,366,003
Furniture and equipment	208,637	6,776	6,082	209,331
Construction in progress	149,502	0	139,502	10,000
Total	<u>5,545,672</u>	<u>188,152</u>	<u>145,584</u>	<u>5,588,240</u>
Less: accumulated depreciation				
Buildings	3,914,471	215,779	0	4,130,250
Furniture and equipment	121,135	35,528	6,082	150,581
Total	<u>4,035,606</u>	<u>251,307</u>	<u>6,082</u>	<u>4,280,831</u>
Fixed assets, net	<u>\$ 1,510,066</u>	<u>\$ 63,155</u>	<u>\$ 139,502</u>	<u>\$ 1,307,409</u>

NOTE 5 – INTERFUND RECEIVABLES / PAYABLES Interfund receivables / payables at March 31, 2007 are as follows:

The General Fund owes the \$19,454 to the Housing Choice Voucher Fund for unreimbursed expenses paid by the Voucher Fund

NOTE 6 – ACCOUNTS PAYABLE The payables at March 31, 2007 are as follows:

	General
Vendors	\$ 7,059
Payroll taxes & Retirement withheld	950
Total	<u>\$ 8,009</u>

NOTE 7 – COMPENSATED ABSENCES At March 31, 2007, employees of the Housing Authority have accumulated and vested \$12,017 of employee leave computed in accordance with GASB, Codification Section C60.

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 8 – LONG – TERM OBLIGATIONS The following is a summary of the long – term obligation transactions for the year ended March 31, 2007.

		Compensated Absences
Balance, beginning	\$	9,954
Additions		2,063
Balance, ending		12,017
Amounts due in one year	\$	4,644

NOTE 9 – RETIREMENT SYSTEM The Housing Authority participates in the Louisiana Housing Council Group Retirement Plan, administered by Broussard, Bush & Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing one month of continuous and uninterrupted employment. Plan provisions and changes to plan contributions are determined by the Board of the Housing Authority.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 15% percent of each participant's basic (excludes overtime) compensation. This payment represents a 6.5% contribution by the employee, and a 8.5% contribution by the Housing Authority.

The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority. Normal retirement date shall be the first day of the month following the employee's 65th birthday or after 10 years of participation in the plan.

The Housing Authority made the required contributions of \$8,322 for the year ended March 31, 2007, of which \$4,841 was paid by the Housing Authority and \$3,481 was paid by employees. No payments were made out of the forfeiture account.

HOUSING AUTHORITY OF COLFAX
NOTES TO THE BASIC FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE 10 – INTERPROGRAM TRANSFERS Interprogram transfers for the year March 31, 2007 consists of the following:

The Capital Fund transferred \$240,708 of net capital costs on closed grants to the General Fund.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority is not presently involved in litigation.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowance, if any, which may arise from future audits will not be material.

Construction Projects There are certain renovation or construction projects in progress at March 31, 2007. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Risk Management The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

NOTE 12 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$ 436,038 to the Housing Authority, which represents approximately 75% of the Housing Authority's total revenue and capital contributions for the year.

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ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Housing Authority of Colfax
Colfax, Louisiana

We have audited the financial statements of each major fund of the Housing Authority of Colfax, Louisiana, as of and for the year ended March 31, 2007, which collectively comprise the Housing Authority of Colfax, Louisiana's basic financial statements and have issued our report thereon dated September 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of Colfax, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of Colfax, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Colfax, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority of Colfax, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority of Colfax, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority of Colfax, Louisiana's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Audit Finding 07-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority of Colfax, Louisiana's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of Colfax, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as Audit Finding 07-01.

The Housing Authority of Colfax, Louisiana's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of Colfax, Louisiana's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the Housing Authority of Colfax in a separate letter dated September 14, 2007.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Estes, P.C.
Fort Worth, Texas
September 14, 2007

HOUSING AUTHORITY OF COLFAX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2007

Section I – Summary of the Auditor’s Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There was one significant deficiency required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the *Government Auditing Standards* to the financial statements.

HOUSING AUTHORITY OF COLFAX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2007

Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

Section Eight

07 – 01 – Incorrect HAP Payments

Statement of Condition

For select tenants, the PHA reduced the housing assistance payment (HAP) to the landlord, and increased the tenant payment to the landlord, by the same amount. This was done before annual recertifications.

Criteria

HAP payments and tenant payments are calculated by formula, provided by HUD regulations. Among the factors are bedroom size, payment standards, the contract rent requested by the landlord, the tenant's income, number of dependents, and utility allowances. The PHA must use the calculated amount for HAP payments, and the tenant payment to the landlord.

Cause

The PHA reviewed HUD Notice PIH 2006-32, issued August 21, 2006, that renewed PIH 2005-9. The notice identified several cost savings measures for the voucher program.

One was to terminate HAP contracts, if the PHA determines that funding under the consolidated ACC is insufficient to support three and four bedroom units. Accordingly, the PHA passed board resolution to terminate three and four bedroom vouchers, effective February 1, 2007, "except for new contracts in effect for twelve months from February 1."

However, apparently due to objections raised by landlords, the PHA did not follow through on this policy. Instead, for most three and four bedroom units, the PHA arbitrarily reduced the HAP and increased the tenant rent, by amounts varying by \$25 to \$50 per month. It appears this began on February 1, 2007.

HOUSING AUTHORITY OF COLFAX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2007

Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

Effect

We were not able to determine all the units that were affected. The PHA claims that if the unit was due for recertification “fairly soon”, the adjustment was not made. The PHA planned to reduce the contract rent for three and four bedrooms, as they were recertified.

We identified a minimum of nine three bedroom units that had an improper change. The total for the nine was a total of \$344, for February and \$344 for March.

Recommendation

The PHA should identify all units that had the improper change, and the amount. Between February and currently, if the contract rent was properly changed at an annual recertification, the HAP and tenant payment may now agree to the 50058.

For example, one voucher we reviewed with the PHA had a \$50 difference, effective February 1, 2007, between the HAP payment and the tenant payment, compared to the HUD – 50058. If this tenant has not been recertified since, the difference from February through August will be \$350 (\$50 for seven months). If the tenant was properly recertified, effective June 1, 2007, for example and the HAP payment and tenant payment agree after June 1, 2007, the difference will be \$200 (\$50 for four months).

Finally, the PHA should follow HUD – New Orleans’ instructions regarding this matter.

07 – 01 – Corrective Action Plan

I am Johnny White, Executive Director and Designated Person to answer this finding. We will comply with the above. We will immediately contract HUD – New Orleans, to see how they want us to correct this.

SEE MANAGEMENT LETTER ON NEXT PAGE

HOUSING AUTHORITY OF COLFAX
SCHEDULE OF MANAGEMENT LETTER ITEMS

YEAR ENDED MARCH 31, 2007

To Management and the Board of Commissioners:

In planning and performing our audit of the financial statements of the Housing Authority of Colfax for the year ended March 31, 2007, we considered the Authority's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum contained in this letter summarizes our comments and suggestions regarding those matters. (We have also reported on the Authority's internal control in our report dated September 14, 2007. A separate report dated September 14, 2007, contains our report on significant deficiencies in the Authority's internal control). This letter does not affect our report dated September 14, 2007 on the financial statements of the Housing Authority of Colfax.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Our recommendations are as follows:

07 MI – SEMAP and Payment Standards

The Board should approve, by board resolution, the Section Eight Management Assessment Program (SEMAP) response. In addition, the Board should approve the Section 8 payment standards, which are a percentage of the HUD published area fair market rents.

HOUSING AUTHORITY OF COLFAX
SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED MARCH 31, 2007

The following prior audit findings were reportable conditions, required to be reported, in the prior year in accordance with *Governmental Auditing Standards* generally accepted in the United States of America:

Low Rent Program

06 – 01 – Miscalculation of Operating Subsidy

Condition:

The HUD – 52723 calculation includes a factor of the number of occupied units as of a certain date. An improper amount was used.

Recommendation:

The auditor recommended that the PHA needed to be diligent when corresponding with the fee accountant on this matter.

Current Status:

The finding is not repeated in this audit. The recommendation was implemented.

Section 8 Program

06 – 02 – Quality Control Checks Not Documented

Condition:

The PHA did not document adequate quality control checks for Indicators 1, 2 and 3.

Recommendation:

Adequate samples needed to be made and documented.

Current Status:

The finding is not repeated in this audit. The recommendation was implemented.

SEE PRIOR MANAGEMENT LETTER ON NEXT PAGE

HOUSING AUTHORITY OF COLFAX
SCHEDULE OF PRIOR MANAGEMENT LETTER ITEMS

YEAR ENDED MARCH 31, 2007

The following Management Letter recommendations were made:

06 MI – Low Rent Files

Condition:

Quality control checks were not made for Low Rent tenant files or the Low Rent waiting list.

Recommendation:

The auditor recommended that these checks be made and documented.

Current Status:

This recommendation is not repeated in this audit. This proposal step was implemented.

06 MI – Capital Funding

Condition:

The PHA did not document the progress of CFP work, although the architect did.

Recommendation:

The auditor recommended that the PHA personnel should document the CFP progress, or lack of.

Current Status:

There was not CFP activity to be monitored, other than some quick installation of playground equipment. This recommendation is not repeated in this audit.

06 M3 – Minutes

Condition:

The PHA did not publish the proceedings of its Board meetings in a local newspaper, as required by state law.

Recommendation:

The PHA should follow state law and publish.

Current Status:

This recommendation is not repeated. The PHA is now publishing the proceedings of board meetings.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF COLFAX
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
ANNUAL CONTRIBUTION CONTRACT

YEAR ENDED MARCH 31, 2007

		Bonus 2003 Capital Fund		2004 Capital Fund
Funds approved	\$	30,683	\$	169,996
Funds expended		<u>30,683</u>		<u>169,996</u>
Excess of funds approved	\$	<u>0</u>	\$	<u>0</u>
Funds advanced	\$	30,683	\$	169,996
Funds expended		<u>30,683</u>		<u>169,996</u>
Excess of funds advanced	\$	<u>0</u>	\$	<u>0</u>

1. The Actual Modernization Costs are as follows:
2. The distribution of costs by project as shown on the Final Statements of Modernization Costs dated April 23, 2007 and April 16, 2007 accompanying the Actual Modernization Costs Certificates submitted to HUD for approval are in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF COLFAX
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED MARCH 31, 2007

CASH BASIS

		2005 Capital Fund
Funds approved	\$	<u>269,952</u>
Funds expended		<u>15,609</u>
Excess of funds approved	\$	<u><u>254,343</u></u>
Funds advanced	\$	15,353
Funds expended		<u>15,609</u>
Excess(deficiency) of funds advanced	\$	<u><u>(256)</u></u>

See accountants' report

HOUSING AUTHORITY OF COLFAX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MARCH 31, 2007

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850	215,855
Housing Choice Voucher	14.871	157,217
Public Housing Capital Fund	14.872	62,966
Total United States Department of Housing and Urban Development	\$	436,038
Total Expenditures of Federal Awards	\$	436,038

HOUSING AUTHORITY OF COLFAX
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MARCH 31, 2007

NOTE 1 – GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of Colfax, Louisiana (the "Housing Authority"). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

		<u>Federal Sources</u>
General	\$	278,821
Section 8 Housing Choice Vouchers		<u>157,217</u>
Total	\$	<u>436,038</u>

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

**HOUSING AUTHORITY OF COLFAX
FINANCIAL DATA SCHEDULE**

YEAR ENDED MARCH 31, 2007

PHA: LA122 FYED: 03/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$72,783	\$0	\$0	\$72,783
114	Cash - Tenant Security Deposits	\$5,770	\$0	\$0	\$5,770
100	Total Cash	\$78,553	\$0	\$0	\$78,553
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$256	\$256
125	Accounts Receivable - Miscellaneous	\$547	\$0	\$0	\$547
126	Accounts Receivable - Tenants - Dwelling Rents	\$957	\$0	\$0	\$957
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$1,504	\$0	\$256	\$1,760
131	Investments - Unrestricted	\$218,350	\$0	\$0	\$218,350
142	Prepaid Expenses and Other Assets	\$28,890	\$449	\$0	\$29,339
143	Inventories	\$942	\$0	\$0	\$942
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$256	\$19,454	\$0	\$19,710
150	Total Current Assets	\$328,495	\$19,903	\$256	\$348,654
161	Land	\$2,906	\$0	\$0	\$2,906
162	Buildings	\$4,662,254	\$0	\$162,987	\$4,825,241
163	Furniture, Equipment & Machinery - Dwellings	\$45,035	\$918	\$1,320	\$47,273
164	Furniture, Equipment & Machinery - Administration	\$157,058	\$0	\$5,000	\$162,058
165	Leasehold Improvements	\$522,372	\$0	\$18,390	\$540,762
166	Accumulated Depreciation	\$-4,263,755	\$-918	\$-16,158	\$-4,280,831
167	Construction In Progress	\$0	\$0	\$10,000	\$10,000
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,125,870	\$0	\$181,539	\$1,307,409
180	Total Non-Current Assets	\$1,125,870	\$0	\$181,539	\$1,307,409
190	Total Assets	\$1,454,365	\$19,903	\$181,795	\$1,656,063

PHA: LA122 FYED: 03/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
312	Accounts Payable <= 90 Days	\$7,059	\$0	\$0	\$7,059
321	Accrued Wage/Payroll Taxes Payable	\$950	\$0	\$0	\$950
322	Accrued Compensated Absences - Current Portion	\$3,662	\$982	\$0	\$4,644
333	Accounts Payable - Other Government	\$5,368	\$0	\$0	\$5,368
341	Tenant Security Deposits	\$5,770	\$0	\$0	\$5,770
347	Interprogram Due To	\$19,454	\$0	\$256	\$19,710
310	Total Current Liabilities	\$42,263	\$982	\$256	\$43,501
354	Accrued Compensated Absences - Non Current	\$4,887	\$2,486	\$0	\$7,373
350	Total Noncurrent Liabilities	\$4,887	\$2,486	\$0	\$7,373
300	Total Liabilities	\$47,150	\$3,468	\$256	\$50,874
508	Total Contributed Capital	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,125,870	\$0	\$181,539	\$1,307,409
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$281,345	\$16,435	\$0	\$297,780
513	Total Equity/Net Assets	\$1,407,215	\$16,435	\$181,539	\$1,605,189
600	Total Liabilities and Equity/Net Assets	\$1,454,365	\$19,903	\$181,795	\$1,656,063

**HOUSING AUTHORITY OF COLFAX
FINANCIAL DATA SCHEDULE**

YEAR ENDED MARCH 31, 2007

PHA: LA122 FYED: 03/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
703	Net Tenant Rental Revenue	\$110,300	\$0	\$0	\$110,300
705	Total Tenant Revenue	\$110,300	\$0	\$0	\$110,300
706	HUD PHA Operating Grants	\$215,855	\$157,217	\$16,091	\$389,163
706.1	Capital Grants	\$0	\$0	\$46,875	\$46,875
711	Investment Income - Unrestricted	\$3,979	\$0	\$0	\$3,979
715	Other Revenue	\$30,505	\$0	\$0	\$30,505
716	Gain/Loss on Sale of Fixed Assets	\$1,775	\$0	\$0	\$1,775
720	Investment Income - Restricted	\$0	\$0	\$0	\$0
700	Total Revenue	\$362,414	\$157,217	\$62,966	\$582,597

PHA: LA122 FYED: 03/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
911	Administrative Salaries	\$65,868	\$22,793	\$0	\$88,661
912	Auditing Fees	\$9,747	\$5,483	\$0	\$15,230
914	Compensated Absences	\$994	\$1,070	\$0	\$2,064
915	Employee Benefit Contributions - Administrative	\$19,060	\$6,500	\$0	\$25,560
916	Other Operating - Administrative	\$38,964	\$4,038	\$12,694	\$55,696
931	Water	\$22,312	\$0	\$0	\$22,312
932	Electricity	\$5,819	\$0	\$0	\$5,819
933	Gas	\$446	\$0	\$0	\$446
938	Other Utilities Expense	\$13,491	\$0	\$0	\$13,491
941	Ordinary Maintenance and Operations - Labor	\$53,292	\$0	\$0	\$53,292
942	Ordinary Maintenance and Operations - Materials and Other	\$23,185	\$0	\$1,297	\$24,482
943	Ordinary Maintenance and Operations - Contract Costs	\$21,542	\$0	\$2,100	\$23,642
945	Employee Benefit Contributions - Ordinary Maintenance	\$15,421	\$0	\$0	\$15,421
961	Insurance Premiums	\$37,803	\$2,810	\$0	\$40,613
963	Payments in Lieu of Taxes	\$6,823	\$0	\$0	\$6,823
964	Bad Debt - Tenant Rents	\$3,067	\$0	\$0	\$3,067
969	Total Operating Expenses	\$337,834	\$42,694	\$16,091	\$396,619
970	Excess Operating Revenue over Operating Expenses	\$24,580	\$114,523	\$46,875	\$185,978
973	Housing Assistance Payments	\$0	\$133,310	\$0	\$133,310
974	Depreciation Expense	\$235,339	\$0	\$15,969	\$251,308
900	Total Expenses	\$573,173	\$176,004	\$32,060	\$781,237
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-210,759	\$-18,787	\$30,906	\$-198,640

PHA: LA122 FYED: 03/31/2007

Line Item No.	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$1,377,266	\$35,222	\$391,341	\$1,803,829
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$240,708	\$0	\$-240,708	\$0
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$0
1120	Unit Months Available	1,080	600	0	1,680
1121	Number of Unit Months Leased	1,017	527	0	1,544
1117	Administrative Fee Equity	\$0	\$-2,186	\$0	\$-2,186
1118	Housing Assistance Payments Equity	\$0	\$18,621	\$0	\$18,621